

## Policies and Principles for Determining Commercial Activities In Government

The first step in determining whether a job **should be performed by a department or agency (inherently governmental)** needs to be the identification of the mission of the parent activity.

The primary mission of the government is: policy and oversight. (1) Subsequently, a subsection of that mission has grown to be: to provide those human services that would benefit the people as a whole.

You need to thoroughly review the mission of each agency.

One thing you will find is that the agencies themselves within the government have set a precedent for outsourcing. As in private industry, most agencies have wisely chosen outsourcing for their 'non line-of-business' support services. There are several major business centers established in government that do, for example, payroll processing, printing, and HR support services for the agencies. They have proven that outsourcing works.

The next step following the theme of 'agency mission' you need to determine is to identify who is doing those services and is it within scope of the mission. Currently, six major departments provide payroll processing for the majority of government agencies. You might ask: 'Where in the mission statement of these departments does it say they shall provide payroll processing for government agencies? "

The argument is made that that those business centers are non-profit, self-financed activities. While the funding for these activities may be laundered through their client agencies, the origination of the funding is still the taxpayer's pockets.

Yes they can and do effectively provide those services. The real question is: "With these services *readily* available today in the private sector, why continue?"

Outsourcing these functions isn't new. Outsourcing to a commercial vendor is new. What is the difference? **Technically and functionally, nothing**.

I submit that the founders of these centers should be given a medal for pioneering outsourcing in government. They saw an opportunity to provide much needed support for the government when there were no centralized administrative procedures available and few private sector vendors offering those services. They have proven that the 'non line-of-business' support for an agency can be provided on an outsource basis. *But times have changed*. There are extensive and experienced resources available in the private sector that provide those services. Now it is time for the next step. There is no longer need for 20 different administrative systems including Human Resource systems. Eliminating

the redundancies by utilizing today's technology in the private sector will give the government economies of scale and provide much more efficient operations of administrative 'non line-of-business' systems.

You should also look at the issue of privatization of functions. There are several instances where privatization of functions has worked. The end result of that is the same employees continue to perform those functions as a private entity thus securing employment for the current employees.

There is no doubt that government 'non line-of-business' functions should be outsourced.

The one major point I would like to leave you with is: If the product or service is readily available in the private sector and functions basically the same, then outsource it without delay.

The benefit to the taxpayers will be a government focused on the primary function of government.

(1) In the United States the one basic principle is representative democracy, which defines a system in which the people govern themselves by electing their own leaders. The American government functions to secure this principle and to further the common interests of the people. "United States (Government)," Microsoft® Encarta® Online Encyclopedia 2001 http://encarta.msn.com © 1997-2001 Microsoft Corporation. All rights reserved.

Respectfully Submitted:

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